
May 7, 2006

Plan to Reshape Mileage Standards Could Buoy Detroit

By [MATTHEW L. WALD](#)

WASHINGTON, May 6 — Of all the proposals that \$3-a-gallon gasoline has elicited from Congress, the one that would do the least to bring down high gasoline prices might be higher fuel economy standards for cars, at least in the next 5 to 10 years, experts say.

But it could help Detroit automakers, which might be just as much of a motivation for a change.

Conservation advocates have called for higher mileage standards for years, but they and other car experts agree that during periods of high gasoline prices, the government standards, called Corporate Average Fuel Economy, or CAFE standards, are irrelevant, because consumers buy smaller, more fuel-efficient vehicles without prompting.

For 2005, with a government requirement for a minimum average for cars of 27.5 miles per gallon, the preliminary estimate by the [Environmental Protection Agency](#) is that the actual average was 28.9 m.p.g.

Falling gasoline prices illustrate the value of the standards, said Kateri Callahan, president of the Alliance to Save Energy, a nonprofit, nonpartisan group based here.

"What you're doing with CAFE is saying, as a society, there's a minimum level of fuel efficiency that we think ought to be offered," Ms. Callahan said. "History shows that when, and if, energy is cheap again, and people fall back into old and bad habits, you want to make sure they can act only so badly."

At that point, the standards limit the growth of oil imports and the average fuel economy of the fleet, and help with the balance of payments problem in the long term. That is what happened in this country in the 1990's, when a price war between Persian Gulf oil producers pushed the price of a barrel below \$10.

But when CAFE standards were being introduced in the 1980's, the average fuel economy of vehicles sold exceeded government mandates for much of the period. That was partly a result of the oil price spike of 1979-1980, which still ranks as the most severe when prices are adjusted for inflation.

The provision of the energy bill proposed by Senate Republican leaders, and endorsed last month by President Bush, does not explicitly call for higher standards. Instead, it

calls for allowing the Transportation Department to restructure the CAFE rules for cars, as it recently did for trucks.

There is no strong indication that the Bush administration will raise the magic number significantly. And transportation officials already have the power to raise the number, without any action by Congress.

What those officials want Congress to approve is legislation that would allow them to reorganize the standards, as they recently did for light trucks. Transportation officials say they would like to create a sliding scale for minimum fuel economy, based on "footprint," or distance between the wheels. They say they are seeking this authority because of a study by the National Academy of Sciences that showed that forcing people into smaller vehicles had led to a slight increase in traffic deaths.

The administration wants to keep vehicle size constant but to force automakers to use materials and technologies that will improve fuel economy in whatever size vehicle is offered.

In March, when transportation officials rewrote the truck standard, the new rules demanded only a small increase in overall mileage, although they pushed the minimum required fuel economy for some small sport utility vehicles to above the level now required for cars.

Setting the standard vehicle by vehicle is important because existing car standards make no difference to some manufacturers. For example, for 2005, the most recent year for which statistics are available, Toyota and Honda both averaged 33.1 m.p.g., partly because they sold a lot of small cars, and they had no CAFE concerns.

DaimlerChrysler averaged 26.6, and Ford, 26.9, and unlike Toyota and Honda, both manufacturers had to worry about technology and sales mix. If cars were judged individually, even small cars that performed poorly considering their size would have to be improved. Thus, the burden would fall for the first time on companies that make mostly smaller cars, generally imports.

The actual importance of these miles per gallon figures is also diluted somewhat by oddities of the testing procedure and rules that allow adjustments to the numbers. CAFE numbers are 15 percent higher than window-sticker numbers, and even the numbers on the window sticker are higher than what most drivers will achieve.

In addition, automakers may earn a credit of up to 1.2 miles per gallon for building "flex fuel" vehicles that can run on something other than gasoline. Almost all of these are cars capable of burning ethanol, although most of them will never see ethanol beyond the 10 percent sometimes blended into ordinary gasoline.

Car makers can also carry over credits from previous years or borrow them from future years, which is why Ford is unlikely to pay penalties and DaimlerChrysler may not have to either, despite being below 27.5 miles per gallon.

Some policy makers are counting on new CAFE standards for a different purpose, though.

Representative Sherwood Boehlert, the New York Republican who is chairman of the House Science Committee and a longtime advocate of higher standards, said that adopting them now would send a signal to automobile companies that investments in new tooling and technology to produce high-mileage vehicles will pay back for years to come. It will also stimulate inventors with new ideas, Mr. Boehlert said.

"They will come out of the woodwork," he said.